

OFFER FOR IOWANS

IDENTIFYING INFORMATION

Offer Identifier: H_588_2

Offer Name: Building Healthy Communities in Iowa—Addiction Free Iowa

This offer is for a: status quo existing activity and improved existing activity.

Result(s) Addressed: Improve Iowans Health

Participants in the Offer: IDPH, community-based prevention and treatment providers, University of Iowa, University of Northern Iowa, community partnerships and health clinics, Iowa Youth.

Additional Stakeholders: Iowa Department of Corrections, Iowa Department of Education, Iowa Office of Drug Control Policy, American Lung Association, American Cancer Society, local tobacco coalitions, health professionals, Federal Substance Abuse and Mental Health Administration and Department of Education.

Person Submitting Offer: Mary Mincer Hansen, RN, PhD

Contact Information: Iowa Department of Public Health; Phone: 515-281-8474; Fax: 515-281-4958

OFFER DESCRIPTION

The Health Buying Team is seeking offers that assure “All Iowans Have Access to Quality Care” and that “Improve Preventative Strategies and Health Education.” The Iowa Department of Public Health, in collaboration with the partners listed above, proposes the following activities to achieve these strategies:

- 1) **Substance Abuse Prevention and Treatment:** Provide substance abuse prevention services through providers who use evidence-based programming in educating and informing all Iowans with a special emphasis on youth development and mentoring as well as the three primary drugs of abuse: alcohol, marijuana, and methamphetamine. Maintain a center that provides information, referrals, and crisis counseling. Provide access to substance abuse treatment that uses best practices for all drugs of abuse, with a special focus on the three primary drugs of abuse. Treatment is provided in community settings as well as jail-based services. Provide a training center for health care professionals to train them in best practices for treating emerging alcohol, tobacco, or other drug issues.
- 2) **Tobacco Use Prevention and Control:** Use evidence-based strategies to prevent tobacco use with a focus on disparate populations. Help enforce underage tobacco laws. Create local coalitions to provide tobacco education programs to youth and pregnant women. Develop counter-marketing strategies and advertisements to educate the public about the harmful effects of tobacco. Change youth attitudes toward smoking through the Just Eliminate Lies Programs (JEL). Provide cessation counseling and services.
- 3) **Improved Service – Additional funding for Tobacco Use Prevention and Control:** Provide and improve full staffing within the Division of Tobacco Use Prevention and Control. Create grants to focus more on special populations (e.g. ethnic minorities, women, other disparate populations). Increase sample sizes of evaluations such as the Iowa Youth Tobacco Survey and the Iowa Adult Tobacco Survey (in the past, sample sizes have not been large enough to evaluate the impact of tobacco use among special populations). Promote JEL and Quitline Iowa to rural areas of the state. Expand funding to community partnerships and other grantees.

- 4) **Problem Gambling Prevention and Treatment:** Provide education, referral, and counseling services for persons affected directly or indirectly by problem gambling behavior through a help line (1-800-BETS-OFF), outpatient therapy, public awareness, prevention, counselor training, and a web site.

OFFER JUSTIFICATION

Return on Investment: Iowa's \$38,724,829 investment is enhanced by \$20,571,683 in other sources of funding including federal funding for additional alcohol, tobacco and other drugs prevention, education, and treatment services. Federal funds provide additional prevention and treatment services for methamphetamine abuse, prevention of violence and substance abuse in and around schools, substance abuse data and reporting systems, information and training for Iowans and substance abuse professionals, licensing and evaluating licensed treatment programs and offering assistance with plans to improve their quality, and targeting disparate populations for prevention services. The federal government requires a maintenance of effort match for federal funds. State funds must remain at a 2-year average or federal funds could be reduced.

Based on the experience of California, Massachusetts, and other states with comprehensive tobacco programs, CDC's *Best Practices* recommends state-specific funding levels. In summary, the approximate annual costs to achieve all the recommended program components are estimated at from \$7–\$20 per capita in smaller states (population less than 3 million), \$6–\$17 per capita in medium-sized states (population 3–7 million), and \$5–\$16 per capita in larger states (population more than 7 million). Iowa is investing 31% of CDC's *Best Practices* minimum estimated recommended funding and 12% of the upper estimated recommended funding. Iowa spent \$278 per capita on smoking-attributable direct medical expenditures in FY02. In 1998, about 14% (\$235 million or \$745.39 per recipient) of all Medicaid costs were spent on smoking-related illnesses and diseases. We propose to further reduce tobacco use by using revenue from an increase in the tobacco tax to increase funding for tobacco prevention and cessation services (see Exhibit 1). Increasing funding to \$19.3 million brings Iowa to the CDC's recommended minimum level.

According to the CDC,^{1,2} every \$1 spent on stop-smoking programs for pregnant women saves \$3 in neonatal intensive care costs. Reducing smoking in pregnant women by 1%, over 7 years, would prevent 57,200 low birth-weight births and save \$572 million, nationally. Smokers who successfully stop smoking reduce their future medical costs associated with heart attack and stroke by about \$47 during the first year and by about \$853 during the following 7 years. The state of California estimates its program has resulted in an overall cost savings of \$8.4 billion. For every \$1 spent on the program between 1990 and 1998, an estimated \$3.62 in direct medical costs was avoided. Every \$1 invested in effective school-based tobacco prevention program saves \$19.90 in related medical costs. An economic assessment found that a health care plan's annual cost of covering treatment to help people quit smoking ranged from \$0.89 to \$4.92 per smoker, while the annual cost of treating smoking-related illness ranged from \$6 to \$33 per smoker.

Disparate and at risk/vulnerable populations: The combined state and federal funding provides substance abuse, problem gambling, and tobacco use prevention and treatment regardless of age, race or ethnicity, or socioeconomic status with a special focus on those populations most at-risk including youth, pregnant women, multicultural, and homeless populations.

Impact on Iowans: There were more than 40,000 assessments and admissions to Iowa substance abuse treatment centers in FY2003. Quality treatment reduces use and crime, improves employment, and increases gross wages. National studies show that for every tax dollar spent on treatment, between \$6 and \$7 is avoided in costs to the taxpayer. National outcome studies show that the most effective treatment must be at least three months in length.

Prevention works! Substance abuse problems not only cause health problems and heartbreak, they cost Americans money. For every dollar spent on drug abuse prevention, communities can save 4 to 10 dollars in costs for drug abuse treatment and counseling.³⁻⁷ When combined with reduced health, social, and crime costs from treatment, well-implemented, effective, evidence-based prevention programs can achieve a net benefit of \$5 to \$70 per person.⁸ Iowa's treatment and prevention system invests in evidence-based treatment, prevention, and early intervention programs.

Tobacco use among youth and adults and exposure to secondhand smoke in Iowa continue to be major public health problems. Tobacco use is expected to drain \$794 million from the economy in health care expenditures in the coming year. Of that figure, \$503 per household comes from residents' tax dollars. Annual Medicaid payments directly related to tobacco use total \$235million. Smoking costs Iowa businesses \$824 million each year in lost productivity. The Centers for Disease Control and Prevention (CDC) has outlined the necessary components of a comprehensive tobacco control program and what results can be expected if all components are implemented as recommended. These recommendations are based on evaluation of data from states that have a long history of comprehensive tobacco control. These components include: statewide programs, community-based interventions, school-based interventions, counter marketing, cessation, enforcement, chronic disease programs, surveillance and evaluation, administration and management. Iowa has reduced youth smoking from 16% of middle school students and 39% of high school students in 2000 to 11% of middle school students and 34% of high school students in 2002. In FY2003 the budget for tobacco was reduced close to 50%. The CDC's recommended minimum funding level for Iowa is \$19.3 million.

Research shows that providing a telephone-based cessation services is effective. According to a study in the October 3, 2003 edition of the *New England Journal of Medicine*, smokers who received telephone counseling were twice as likely to quit smoking and stay quit as those who refused it. Quitline Iowa is the only research-based tobacco cessation program that is available to *all* Iowans, and the services provided are making an impact. A survey of Quitline Iowa callers who gave permission to be contacted for an evaluation survey approximately six months after their initial call shows a quit rate of 28%. This is higher than the average short-term quit rate (3 to 6 months) of approximately 23% as reported in a meta-analysis of studies of telephone counseling for smoking cessation. The success rate is better when callers to the hotline also use nicotine replacement therapy (gum, patches, etc). With that extra assistance, 89% of the callers were smoke free for some time, while 64% were smoke free for more than 30 days.

During FY04, JEL has recruited over 1,100 Iowa teens to JEL (totaling over 7,000 youth over four years) and has received over 73,986 hits on the JEL website. Enforcement of Iowa's tobacco laws is accomplished through a cooperative agreement between the Iowa Alcoholic Beverages Division (ABD) and state, county, or local law enforcement agencies. Iowa ABD contracts with agencies for compliance checks at all tobacco retail outlets located within their jurisdiction. From July 2003 - May 2004, 89.4% of tobacco retail outlets were compliant in not selling tobacco products to minors.

In FY2004, nearly 2300 Iowans were provided services through the gambling program either through counseling or help line services. Gambling services are relatively new in the nation; consequently, research has been lacking. Iowa has led the nation in the collection of demographic and outcome data that can be used to assist in researching best practices.

PERFORMANCE MEASUREMENT AND TARGETS

Percent of Iowans rating their own health at good to excellent: Baseline 88% in 2003. Target 88%.

Percent of Iowa middle school youth who use tobacco products: Baseline 11% in 2002. Target 8% by 2007.

Percent of Iowa high school youth who use tobacco products: Baseline 34% in 2002. Target 27% by 2007.

Percent of Iowa adults who use tobacco products: Baseline 23% in 2002. Target 21% by 2007.

Percent of clients who are substance free six months after discharge from treatment: Baseline 45% in 2003. Target 47%.

Percent of successfully discharged clients reporting no wagering (gambling) in last 30 days: Baseline 83% in SFY 2004. Target 84%.

PRICE AND REVENUE SOURCE

Total Price: \$59,296,512 (\$38,724,829 state)

Expense Description	Amount of Expense	FTEs
Status Quo Direct Costs	44,756,935	29.75
Status Quo Administrative Costs	744,402	4.54
Improved Service Direct Costs	13,387,843	3.00
Improved Service Administrative Costs	407,332	0.46
Total	59,296,512	37.75

Revenue Description	Amount
Status Quo General Fund	1,316,683
Status Quo Tobacco Fund	17,712,161
Improved Service Tobacco Fund	13,795,175
Status Quo Gambling Fund	5,900,810
Total State Funds	38,724,829
Other (Sunday sales, carryover funds)	1,214,009
Federal Funds	19,357,674
Total Other Sources of Funding	20,571,683
Total	59,296,512

REFERENCES

¹ United States Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion. "Reducing Tobacco Use." Available at http://www.cdc.gov/nccdphp/bb_tobacco/. August 20, 2004.

² United States Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion. "Preventing Chronic Diseases: Investing Wisely in Health Preventing Tobacco Use." Available at http://www.cdc.gov/nccdphp/pe_factsheets/pdfs_tobacco.pdf. April 2003.

³ National Institutes on Drug Abuse, National Institutes of Health, *Preventing Drug Use Among Children and Adolescents: A Research-Based Guide*, NIH Publication No. 97-4212, March 1997, p. i.

⁴ Aos, S.; Phipps, P.; Barnoski, R.; and Lieb, R. *The Comparative Costs and Benefits of Programs to Reduce Crime. Volume 4* (1-05-1201). Olympia, WA: Washington State Institute for Public Policy, May 2001.

⁵ Hawkins, J.D.; Catalano, R.F.; Kosterman, R.; Abbott, R.; and Hill, K.G. Preventing adolescent health-risk behaviors by strengthening protection during childhood. *Archives of Pediatric and Adolescent Medicine* 153:226–234, 1999.

⁶ Pentz, M. A. Costs, benefits, and cost-effectiveness of comprehensive drug abuse prevention. In: Bukoski, W.J., and Evans, R.I., eds. *Cost-Benefit/Cost-Effectiveness Research of Drug Abuse Prevention: Implications for Programming and Policy*. NIDA Research Monograph No. 176. Washington, DC: U.S. Government Printing Office, pp. 111–129, 1998.

⁷ Spoth, R.; Guyull, M.; and Day, S. Universal family-focused interventions in alcohol-use disorder prevention: Cost effectiveness and cost-benefit analyses of two interventions. *Journal of Studies on Alcohol*. 63:219–228, 2002.

⁸ S. Aos, R. Lieb, J. Mayfield, M. Miller, A. Pennucci. (2004) Benefits and Costs of Prevention and Early Intervention Programs for Youth. Olympia: Washington State Institute for Public Policy, available at <<http://www.wsipp.wa.gov/rptfiles/04-07-3901.pdf>>.

CAMPAIGN For TOBACCO-FREE Kids®

BENEFITS FROM A CIGARETTE TAX INCREASE IN IOWA

Current State Cigarette Tax: 36 Cents Per Pack (39th among all states)

Smoking-caused costs in state per taxed pack sold: \$6.40

Average retail price per pack: \$3.22 (state share from excise and sales taxes: \$0.51)

Total state Medicaid program smoking costs each year: \$235 million

State cigarette tax revenue each year: \$88.0 million (2002)

Last Iowa Cigarette Tax Increase: 06/01/91

Projected Benefits From Increasing the State Cigarette Tax By:	60 cents	\$1.00
New state cigarette tax revenues each year:	\$108.5 million	\$155.7 million
New sales tax revenues:	\$0.3 million	\$1.5 million
Pack sales decline in state:	42.8 million packs	68.9 million packs
Percent decrease in youth smoking:	12.7%	21.2%
Increase in total number of kids alive today who will not become smokers:	31,000	53,000
Number of current adult smokers in the state who would quit:	17,000	28,000
Number of smoking-affected births avoided over next five years*:	4,400	7,400
Number of current adult smokers saved from smoking-caused death:	3,700	6,100
Number of kids alive today saved from premature smoking-caused death:	9,900	16,900
5-Year healthcare savings from fewer smoking-affected pregnancies & births:	\$5.1 million	\$8.5 million
5-year healthcare savings from fewer smoking-caused heart attacks & strokes:	\$5.8 million	\$9.7 million
Long-term healthcare savings in state from adult & youth smoking declines:	\$512.3 million	\$867.0 million

Exhibit 1

*Smoking affected pregnancies and births refers to the excess costs associated with 4 pregnancy complications and 7 infant conditions from low birth weight to SIDS to asthma and other respiratory conditions – all conditions for which smoking is known to increase risk. Miller, P., et al., "Birth and First-Year Costs for Mothers and Infants Attributable to Maternal Smoking," *Nicotine & Tobacco Research* 3(1): 25-35, February 2001 [average costs range from \$1,142 to \$1,358 per smoking-affected pregnancy and birth -- projections use lower amount].

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and tax revenues) from new tax avoidance efforts after the tax increase by continuing continuing in-state smokers, and from fewer sales to smokers from other states or to informal or small-scale smugglers. The projections are based on research findings that a 10% cigarette price increase reduces youth smoking rates by 6.5%, adult rates by 2%, and total consumption by 4% (but adjusted down to account for tax evasion effects), and assume that the state tax will keep up with inflation. Nevertheless, the tax increase will both reduce smoking levels and increase state revenues because the higher tax per pack brings in more new revenue than is lost from the drop in the number of packs sold. Sales tax is 5.0%. Because the state sales tax percentage applies to the total retail price of a cigarette pack, including the increased state cigarette tax amount, sales tax revenues per pack sold go up -- which offsets revenue declines from fewer packs being sold. Kids stopped from smoking and dying are from all kids alive today. Long-term savings accrue over lifetimes of persons who stop smoking or never start because of tax increase.

Sources: Chaloupka, F., "Macro-Social Influences: Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," *Nicotine & Tobacco Research*, 1999, and other price studies at <http://tiger.uic.edu/~fjc> and www.uic.edu/orgs/impactteen. Orzechowski & Walker, *Tax Burden on Tobacco*, 2002. USDA Economic Research Service, www.ers.usda.gov/Briefing/tobacco. State tax offices. Farrelly, M. et al., "Cigarette Smuggling Revisited," U.S. Centers for Disease Control & Prevention (CDC), in press. CDC, *State Highlights 2002: Impact and Opportunity*, April 2002, www.cdc.gov/tobacco/StateHighlights.htm. Miller, P., et al., "Birth and First-Year Costs for Mothers and Infants Attributable to Maternal Smoking," *Nicotine & Tobacco Research* 3(1): 25-35, February 2001. Lightwood, J. & S. Glantz, "Short-Term Economic and Health Benefits of Smoking Cessation - Myocardial Infarction and Stroke," *Circulation* 96(4): 1089-1096, August 19, 1997, <http://circ.ahajournals.org/cgi/content/full/96/4/1089>. Hodgson, T., "Cigarette Smoking and Lifetime Medical Expenditures," *The Millbank Quarterly* 70(1), 1992. U.S. Census. Nat'l Center for Health Statistics.

For more information, see the Campaign fact sheets -- including *Raising State Tobacco Taxes Always Reduces Tobacco Use (& Always Increases State Revenues)* -- at <http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=18> and <http://tobaccofreekids.org/reports/prices>.

National Center for Tobacco-Free Kids 1.12.04 / Eric Lindblom, January 12, 2004